

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING POLICE AND FIRE RETIREMENT SYSTEM

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

December 16, 2014
Tuesday, 8:30 a.m.

The Board was called to order at 8:33 a.m.

Present: Trustees Benson, Hecksel, Kraus, Oleson, St. Aubin, Wood– 6.
Absent: Trustee Bernero, Fabus

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department); Eric Wolhert, Fire Department.

It was moved by Trustee Hecksel and supported by Trustee Wood to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of November 18, 2014.

Adopted by the following vote: 6 – 0

It was moved by Trustee Wood and supported by Trustee Oleson to approve the Official Minutes of the Employees Retirement System and the Police and Fire Retirement System Joint Board Meeting of November 20, 2014.

Adopted by the following vote: 6 – 0.

There were no public comments.

Secretary's Report.

1 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total: Active membership: 325. 1 death(s), Doris F. Grant, Fire, died 11/20/2014, age 91, spouse of Fire retiree; . Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of November 2014 amounted to \$2,312,391.28. Total retirement checks printed for the P&F System: 705. Total retirement checks printed for both systems: 1617. Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

December 16, 2014
Tuesday, 8:30 a.m.

Page Two

It was moved Trustee Oleson and supported by Trustee Hecksel to approve the following applications for Regular Age and Service Retirement:

Margaret Murphy, Fire Department, 25 years of service credits, age 48, effective December 26, 2014.

Adopted by the following vote: 6 – 0.

Karen Williams reported that a request for duty disability had been received from Applicant 2014-P1216.

Trustee St. Aubin referred the request of Applicant 2014-P1216 to the disability subcommittee.

The Police and Fire Retirement Board recessed to allow the disability subcommittee to meet on Applicant 2014-P1216.

The Police and Fire Retirement Board recessed at 8:41 a.m.
The Police and Fire Retirement Board was called back to order at 8:43 a.m.

Karen Williams reported that the Retirement Office was waiting for medical records from the Human Resources Department for Applicant 2014-1118.

Trustee Hecksel reported that the disability subcommittee had met and recommended that Applicant 2014-F1216 continue with the disability application process and be referred to the Medical Director.

It was moved by Trustee Hecksel and supported by Trustee Fabus to have Applicant 2014-F1216 proceed with the disability application process and be referred to the Medical Director.

Adopted by the following vote: 6 – 0.

There were no requests for non-duty disability retirement.

There were no requests for Refunds of Accumulated contributions.

Trustee St. Aubin notified the Police and Fire Retirement Board that Trustee Ed Benson was in the hospital and not able to attend the Board meeting. Trustee Benson requested to be excused.

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

December 16, 2014
Tuesday, 8:30 a.m.

Page Three

It was moved by Trustee Oleson and supported by Trustee Hecksel to excuse Trustee Benson from the December Police and Fire Retirement Board meeting.

Adopted by the following vote: 6 - 0

Karen Williams reported that Tegrit provided a revised schedule for completion of the software project, August 2015. The Retirement Office has moved toward the last phase of the project that will include workflows, reports and administration.

Attorney Ken Lane updated the Board that he contacted Tegrit regarding their request to use of the Police and Fire Retirement Board's name and logo for its promotional material. Attorney Lane informed Tegrit that the Board would reconsider the request once the project has been completed.

Trustee St. Aubin added that delays were due to the data migration issues and the change in ownership and personnel on the project. The original completion date was June 2015.

Attorney Lane distributed a draft of the projected annual budget for the Police and Fire Retirement System as required by Public 314. Attorney discussed the travel allotment and the footnote that members were under budget. The footnote also indicated that the Police and Fire Retirement budgeted allotment was less than the maximum amount in Public 314. Attorney Lane updated the Board regarding the discussed adjustment to the budget and Attorney Lane reported that he would contact the Retirement Office to review amounts for the software project. Attorney Lane will provide the updated budget for approval at next meeting.

Attorney Lane updated the Board that the Police and Fire Retirement Ordinance Draft #4 had been reviewed by the City Attorney and was submitted to City Council. Trustee Wood indicated that City Council Ways and Means Committee had received the revised Ordinance and a public hearing had been held. The adoption of the revised Ordinance had been scheduled for approval.

Karen Williams distributed a memo from the Secretary of the Board regarding the Fire Trustee Election. The Retirement Office has received one nominating petition from Mr. Eric Wohlfert at the deadline, November 24, 2014. The Police and Fire Retirement Board Election policy provides that if only one valid nominating petition is received, that nominee is declared elected to the position of trustee.

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

December 16, 2014
Tuesday, 8:30 a.m.

Page Four

It was moved by Trustee Wood and supported by Trustee Oleson to approve and certify the election of Mr. Eric Wohlfert as the Fire Trustee to be effective as of December 17, 2014.

Trustee Hecksel requested his resignation be effective after the December meeting.

Adopted by the following vote: 6 – 0

Karen Williams reported that Boomershine Consulting Group provided a revised actuarial valuation report based upon the recommendations from the Police and Fire Retirement Board and the GASB 67 report.

Trustee Wood inquired if all of the items discussed by the Police and Fire Retirement Board were addressed.

Angela Bennett stated that the zeros that were listed for administrative expenses was actually included in the adjustment amount.

It was moved by Trustee Oleson and supported by Trustee Wood accept the Actuarial Valuation Report, contingent upon final review from the chairperson.

Adopted by the following vote: 6- 0

The Police and Fire Retirement Board chairperson received an email from the Actuary requesting that data be provided to Boomershine Consulting Group at an earlier date. Attorney Ken Lane opined that providing the data earlier would allow a draft to be finalized and provide the Boards more time to review.

Trustee Wood also inquired if there were amounts for members who received from the Police and Fire Retirement System.

Trustee St. Aubin called Mr. Greg Stump of Boomershine Consulting Group. Mr. Stump stated that the amounts listed in the reports are the data that was received from the Finance Department.

Ms. Bennett indicated that the amounts for refunds were included in the distributions to participants' number. The amount had been clarified with Boomershine through an email.

Trustee Wood inquired what would be an appropriate time line for this information to get from the Finance Department to the Boomershine Consulting Group.

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

December 16, 2014
Tuesday, 8:30 a.m.

Page Five

Mr. Greg Stump indicated that April would be the best time for data to be submitted to the actuary to move up the timing of the actuary report.

Trustee Wood requested a policy that would direct the Secretary of the Board to provide the actuarial data to Boomershine Consulting Group by April.

Ms. Bennett suggested June as a better time, due to staff shortage and the availability of the financial data. Ms. Bennett was open to discussing a new time line for the submission of actuarial data.

It was moved by Trustee Oleson and supported by Trustee Wood to adopt a policy to have the actuarial data provided to the actuary by April each year.

Angela Bennett suggested that a draft be sent to the secretary, so that it could be reviewed before the Police and Fire Retirement Board's consideration. Ms. Bennett stated that some errors could be corrected beforehand to streamline the process.

Trustee Wood preferred that the chair receive the information at the same time as the Secretary of the Board.

Trustee St. Aubin stated that whenever he receives information from the actuary, he would distribute to the membership at that time. Trustee St. Aubin would like the extra time for entire board review and discussion.

Adopted by the following vote: 6 – 0

Angela Bennett reviewed the GASB 67 supplemental report. The report details a change in GASB standards. Ms. Bennett explained how asset values are to be reported as June 30 of each year. Ms. Bennett explained how the GASB 67 was tied to the December 31 actuarial valuation. Ms. Bennett also discussed the assumed rate of return expectations for GASB. The report does not change the annual actuarial valuations.

Attorney Ken Lane reported that Boomershine Consulting Group provided a funding policy at the last meeting for consideration. Attorney Lane reviewed the policy and it meets the requirements of Public Act 314. Attorney Lane had requested clarification regarding some of the funding language, "generations of taxpayers."

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

December 16, 2014
Tuesday, 8:30 a.m.

Page Six

It was moved by Trustee Oleson and supported by Trustee Fabus adopt the Actuarial funding policy contingent upon language clarification suggested by legal counsel.

Adopted by the following vote: 6 – 0

Karen Williams distributed the revised Investment Policy Statement as recommended by Asset Consulting Group. At the Joint meeting, Ms. Haley Rives noted the primary change was a shift in the stated benchmark from the Barclays Capital US Aggregate Index to the Barclays Intermediate Government Bond Index. The IPS will incorporate changes to the MD Sass Proposed Portfolio changes to shorten the bond duration.

It was moved by Trustee Wood and Trustee Hecksel to accept the proposed amendments to the Police and Fire Retirement System Investment Policy Statement as recommended by Asset Consulting Group.

Adopted by the following vote: 6 – 0

Ms. Williams distributed a memo from Asset Consulting Group that reviewed changes to the Northern Trust Securities Lending Collateral Pool. The securities lending cash collateral pool in which the City of Lansing Police and Fire Retirement System currently participates will no longer be offered. Northern Trust offered two options for the plan. Asset Consulting Group reviewed both options and provided a memo recommending the SL Core Short Term Investment Fund.

Attorney Lane reported that Asset Consulting Group (ACG) provided a recommendation for the Northern Trust Securities Lending account change. ACG selected Core Plus and Attorney Lane has reviewed the documents for Board approval.

It was moved by Trustee Hecksel and supported by Trustee Wood to approve the SL Core Short Term Investment Fund as the new vehicle for the Northern Trust Securities Lending Collateral Pool, as recommended by Asset Consulting Group.

Adopted by the following vote: 6 – 0

Ms. Williams distributed a memo from Asset Consulting Group that discussed MD Sass proposed portfolio changes due to the impact of a rise in U.S interest rates on the fixed income portfolios of the Police and Fire Retirement Plan. The MD Sass investment management recommended moving the portfolio to a shorter duration strategy from the current core strategy.

It was moved by Trustee Oleson and supported by Trustee Hecksel to approve the proposed changes suggested by MD Sass to shorten the bond duration strategy, and recommended by the Asset Consulting Group memo.

Adopted by the following vote: 6-0

Asset Consulting Group provided information to the Board that discussed modifying the Equity Long/Short and consider fully funding the current allocation as well as potentially increased the target allocation from 5% to 10% of the total Plan's assets for the Police and Fire Retirement System. Asset Consulting Group also suggested the potential implementation options of an additional allocation to commodities.

It was moved by Trustee Wood and supported Trustee Hecksel to increase the target allocation to 10% for the Equity Long/Short.

Adopted by the following vote: 6 - 0

Trustee Hecksel expressed his gratitude for his time on the Police and Fire Retirement Board. Trustee Hecksel stated that he had goals to increase transparency, improving the disability process and strengthening the financial portfolio with progressive investments. Trustee Hecksel stated that he accomplished his goals.

Trustee Oleson on behalf of the Police and Fire Retirement Board presented Trustee Hecksel will a plaque to express their appreciation for his service as a Fire Department trustee.

Karen Williams reviewed the Monthly Investment Report and the Securities Lending Report for the period ending November 30, 2014.

The meeting adjourned at 10:54 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Vice Chairperson
Police & Fire Retirement System